A Curse or a Blessing?
Natural Resources
in a Multiple Growth Regimes Analysis

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Abstract

The literature on the impact of an abundance of natural resources on economic performance remains inconclusive. This paper tests the hypothesis that whether natural resources are a curse or a blessing depends on the growth regime to which economy belongs. We follow recent work that has used a mixture of regression method to identify different growth regimes, and find that in one regime resources are a blessing, while in the other they are a curse or at best have no impact. Our analysis of the determinants of whether a country belongs or not to the blessed resources regime indicates that the level of democracy plays an important role while education has no effect.

Key words: Natural Resources, Mixture of regression, Multiple equilibria

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